



Monterey Educational Risk Management Authority

P.O. Box 3320, Salinas, CA 93912

www.merma.org

**EXECUTIVE COMMITTEE
ZOOM/TELECONFERENCE
MEETING MINUTES
March 10, 2021**

The Executive Committee of the Monterey Educational Risk Management Authority held a Zoom/teleconference meeting on March 10, 2021 at 1:30 p.m.

Executive Committee Members Present via Zoom/Teleconference

Rory Livingston, President, King City Union School District
Colleen Stanley, Vice-President, Monterey County Office of Education
Veronica Flournoy, Spreckels Union School District
Yvonne Perez, Carmel Unified School District

Executive Committee Members Absent

Ana Aguillon, Secretary, Salinas Union High School District

Guests and Staff Present via Zoom/Teleconference

Marcus Beverly, Alliant
Matt Gowan, Alliant
Connie Hampson, Intercare
Marlene Richardson, Intercare
Derek Burkhalter, Bickmore Actuarial
Jacinto Bernal, McGilloway, Ray, Brown & Kaufman
Maria Hernandez Sandoval, MERMA
Hallie Pacheco, MERMA

A. CALL TO ORDER

Veronica Flournoy called the meeting to order at 1:33 p.m.

B. ROLL CALL

Present: Colleen Stanley, Veronica Flournoy, Yvonne Perez, Rory Livingston
Absent: Ana Aguillon

C. APPROVAL OF AGENDA AS POSTED

Motion was made to approve the agenda as posted.

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|--|----------------------------------|-----------------------|------------------|
| MOTION: Veronica Flournoy | SECONDED: Colleen Stanley | MOTION CARRIED | |
| AYES: 4 | NOES: 0 | ABSTAIN: 0 | ABSENT: 1 |
| AYES: Veronica Flournoy, Colleen Stanley, Yvonne Perez, Rory Livingston | | | |
| ABSENT: Ana Aguillon | | | |

D. PUBLIC COMMENTS

None

E. CONSENT CALENDAR

The following items were presented:

1. Executive Committee Minutes – January 27, 2021
2. Payment Registers and Board Reports – January and February 2021
3. Treasurer’s Report – December 2020
4. Actuarial Valuation and GASB 75 Report for FYE 06/30/21
5. MCOE – Contract for Fiscal Services 07/01/021 – 06/30/24
6. Gilbert CPAs – FYE 2021 Financial Audit Engagement Letter

Motion was made to approve items 1 through 6 as presented with a single motion.

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|--|----------------------------------|-----------------------|------------------|
| MOTION: Veronica Flournoy | SECONDED: Colleen Stanley | MOTION CARRIED | |
| AYES: 4 | NOES: 0 | ABSTAIN: 0 | ABSENT: 1 |
| AYES: Veronica Flournoy, Colleen Stanley, Yvonne Perez, Rory Livingston | | | |
| ABSENT: Ana Aguillon | | | |

F. ADMINISTRATIVE REPORTS

1. President’s Report

President Rory Livingston had nothing to report.

2. Pool Administrator’s Report

Marcus Beverly reminded everyone to file their Form 700 by April 1st.

Matt Gowan stated he has a lot of other pools and schools that are giving Covid vaccines. He stated they have contracted with an attorney and have three different waivers. If the members need sample waivers, he will share those with them.

3. Claims Administrator’s Report

Connie Hampson of Intercare provided the Executive Committee with the following reports:

- Annual and Monthly Claim Results – January and February 2021
- New Claim Analysis Received FYTD – as of 2/28/21
- Frequency & Severity Reports FYTD Claims Reported - 7/1/20 – 2/28/21
- Claim Closing Analysis FYTD – as of 2/28/21
- Net Reserve Changes – FYTD – as of 2/28/21
- MERMA Company Nurse Results – January and February 2021
- MERMA Bill Review Results – January and February 2021

Connie Hampson noticed an error on the Bill Review Results for January 2021. She will correct the total medical paid which should be \$819,299.77.

Marcus Beverly pointed out on the New Claim Analysis report the average claim incurred fiscal year to date is \$6.3 thousand. There are three members with averages double that amount and we would like to see what is driving those costs. Connie Hampson stated she will provide specifics on these claims. Colleen Stanley stated she would like to see what created this also.

4. Loss Control Report

Maria Hernandez Sandoval provided an update on Loss Control activity. She has provided a respirator fit testing in February, will provide training in March and April on CPR, AED and first aid, and has provided in-person ergonomic evaluations. She stated she continues to conduct IIPP meetings to provide guidance on the requirements and gather information to develop an IIPP that meets the needs of school districts. She continues to provide districts with information on COVID-19 Cal-OSHA required plans. She also provided the Executive Committee with current stats and charts on number of injuries, type and causes of claims and body part injured.

5. Executive Committee Report

Nothing to report.

The Committee moved forward to item H.2 as this item is a time certain of 2:00 p.m.

H. JPA BUSINESS

2. Actuarial Review of the Self-Insured Workers' Compensation Program

Derek Burkhalter of Bickmore Actuarial presented the analysis of MERMA's outstanding liabilities and 2021-22 funding guidelines. Derek stated MERMA's outstanding liabilities are projected to decrease from \$17,781,000 to \$15,973,000 because of favorable loss development. That is a reduction of \$1,808,000. He stated the estimates, liabilities and the projected rate per \$100 of payroll have come down, the assets are well above the 90% Confidence Level and the trends look good.

Derek stated the underlying funding rate at the current 80% Confidence Level and \$50,000 SIR has remained the same as last year with a projected rate of \$2.46.

Marcus Beverly stated in looking at the trends as far as the inflation has been mostly on the medical side. He stated he saw an article that there is some pressure to increase the med fee schedule and

this could increase the rates. Marcus asked Connie Hampson of Intercare if we will see some inflation on the med side coming up. Connie stated she is not aware of that but will look into it.

A motion was made to accept and request a finalized report of the Actuarial Review of the Self-Insured Workers' Compensation Program as presented.

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| MOTION: Colleen Stanley | SECONDED: Veronica Flournoy | MOTION CARRIED |
| AYES: 4 | NOES: 0 | ABSTAIN: 0 |
| ABSENT: 1 | | |
| AYES: Colleen Stanley, Veronica Flournoy, Yvonne Perez, Rory Livingston | | |
| ABSENT: Ana Aguillon | | |

The Committee went back to item G.1 at this time.

G. FINANCIAL REPORTS

1. Financial Statements for Period Ending December 31, 2020

Jacinto Bernal of McGilloway, Ray, Brown and Kaufman presented the Financial Statements for Period Ending December 31, 2020.

A motion was made to accept and file the Financial Statements for Period Ending December 31, 2020 as presented.

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|---|----------------------------------|-----------------------|
| MOTION: Veronica Flournoy | SECONDED: Colleen Stanley | MOTION CARRIED |
| AYES: 4 | NOES: 0 | ABSTAIN: 0 |
| ABSENT: 1 | | |
| AYES: Veronica Flournoy, Colleen Stanley, Yvonne Perez, Rory Livingston | | |
| ABSENT: Ana Aguillon | | |

H. JPA BUSINESS

1. Financial Services – New 3-Year Engagement Letter

Jacinto Bernal of McGilloway, Ray, Brown and Kaufman presented the new 3-Year Engagement Letter for Financial Services for FYE 2022, 2023, and 2024. The proposed fees will increase 1% each year for the next three years with no changes in the scope of work.

A motion was made to approve the McGilloway, Ray, Brown & Kaufman Financial Services Engagement Letter as presented.

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|---|------------------------------------|-----------------------|
| MOTION: Colleen Stanley | SECONDED: Veronica Flournoy | MOTION CARRIED |
| AYES: 4 | NOES: 0 | ABSTAIN: 0 |
| ABSENT: 1 | | |
| AYES: Colleen Stanley, Veronica Flournoy, Yvonne Perez, Rory Livingston | | |
| ABSENT: Ana Aguillon | | |

3. Workers' Compensation Excess Insurance Update

Matt Gowan provided an update on the workers' compensation excess insurance. He stated it is still early, but Safety National, the high excess carrier, has indicated they expect a flat renewal with no increase. He has submitted to Arch Insurance to look at that layer as well. He stated the buy down actuaries and their reinsurers are still working through their buffer renewal. They don't have anything to share yet but gave no indication that there are any issues with the renewal. He stated he expects that to be a very positive renewal.

4. Preliminary Budget FY 2021-22

Marcus Beverly presented the preliminary budget for FY 2021-22 for the Committee's review. He stated the budget is fairly stable and conservative. He mentioned that the building is in need of repairs so adjustments may need to be made in the budget under building maintenance and repairs.

5. Meeting Schedule FY 2021-22

Marcus Beverly presented the Resolution to establish Board of Directors and Executive Committee meeting dates for FY 2021-22.

A motion was made to pass and adopt Resolution 21-01 to set meeting dates for FY 2021-22 as presented.

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|---|-------------------------------|-----------------------|
| MOTION: Veronica Flournoy | SECONDED: Yvonne Perez | MOTION CARRIED |
| AYES: 4 NOES: 0 | ABSTAIN: 0 | ABSENT: 1 |
| AYES: Veronica Flournoy, Yvonne Perez, Colleen Stanley, Rory Livingston | | |
| ABSENT: Ana Aguillon | | |

6. Executive Committee Members Terms Ending June 30, 2021

Marcus Beverly stated Colleen Stanley and Veronica Flournoy's terms on the Executive Committee will be ending June 30, 2021. He asked for their feedback to see if they are interested in being nominated again and/or if they feel we should solicit nominations or form a nominating committee.

Colleen Stanley stated she is always happy to serve on this Committee, however she is also happy to allow other district members to participate as well. Veronica Flournoy agreed with that statement. Solicitations of interest will be sent out to all board members.

7. Update Loss Control Manager Salary Schedule

Marcus Beverly presented an updated Loss Control Manager salary schedule to include a sixth step to match the number of step increases in the other MERMA salary schedules.

Veronica Flournoy asked if MERMA has done any projections of COLA in the budget development for FY 2021-22. Hallie Pacheco stated a COLA was not included in the preliminary budget. Marcus Beverly stated he will bring back the updated budget to include a 1.5% COLA as proposed by the School Services dartboard.

A motion was made to approve the Updated Loss Control Manager Salary Schedule to add a sixth step as presented.

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|---|----------------------------------|-----------------------|
| MOTION: Veronica Flournoy | SECONDED: Colleen Stanley | MOTION CARRIED |
| AYES: 4 NOES: 0 | ABSTAIN: 0 | ABSENT: 1 |
| AYES: Veronica Flournoy, Colleen Stanley, Yvonne Perez, Rory Livingston | | |
| ABSENT: Ana Aguillon | | |

8. School Reopening Plans and COVID Assistance

Rory Livingston stated from his perspective the need that started this conversation months ago has gone away. Veronica Flournoy stated that her understanding at this point is that if we enter the red tier, the surveillance testing is completely off the table.

I. CLOSING COMMENTS

Connie Hampson stated she had an update on the med fee schedule. She said there is a change effective March 1, 2021. She stated their software has already been updated. Information is posted on the DWC website. She stated the rates increased for the physician services and prolonged service codes changed, conversion factors changed based on the service location. The new med/legal fee schedule is still waiting approval so that has not changed yet. She stated she does not have a lot of specifics at this time but will update as she obtains more information.

J. UPCOMING MEETINGS

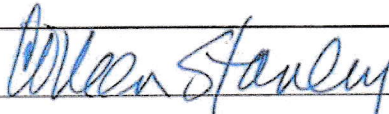
Executive Committee Meeting – April 14, 2021
Board of Directors – May 12, 2021

K. ADJOURNMENT

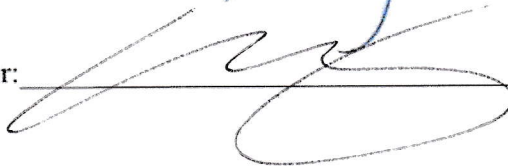
Motion was made to adjourn the meeting at 3:24 p.m.

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|---|----------------------------------|-----------------------|
| MOTION: Veronica Flournoy | SECONDED: Colleen Stanley | MOTION CARRIED |
| AYES: 4 NOES: 0 | ABSTAIN: 0 | ABSENT: 1 |
| AYES: Veronica Flournoy, Colleen Stanley, Yvonne Perez, Rory Livingston | | |
| ABSENT: Ana Aguillon | | |

Colleen Stanley, Vice President: _____



Marcus Beverly, Executive Director: _____



Date: 4/19/21